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**Top Secret**

(45)



DIRECTORATE OF  
INTELLIGENCE

## MEMORANDUM

### *The Situation in Vietnam*

State Department review  
completed

NSA review completed

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Information as of 1600  
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HIGHLIGHTS

Saigon dockworkers went on strike today, apparently in an effort to force US Army renewal of stevedoring contracts. Vietnamese Communists moved quickly to place the burden of responsibility for violating the Christmas cease-fire upon US and GVN forces.

I. The Military Situation in South Vietnam:

The Christmas truce ended with a total of 102 Communist-initiated incidents reported (Paras. 1-2). The first significant ground action since the end of the cease-fire was reported in coastal Phuoc Tuy Province where a combined Australian/ARVN force killed 27 Viet Cong on 26 December (Para. 3). Operation BOULDER, a four-battalion search-and-destroy operation, began today in Binh Duong Province, 20 miles north of Saigon (Para. 4). The one-battalion US Marine Operation PAWNEE III ended on 24 December with a total of 32 enemy soldiers killed (Para. 5). A total of 74 Viet Cong sampans were sunk by US armed helicopters in the Mekong Delta on 24 December (Para. 6).

II. Political Developments in South Vietnam:

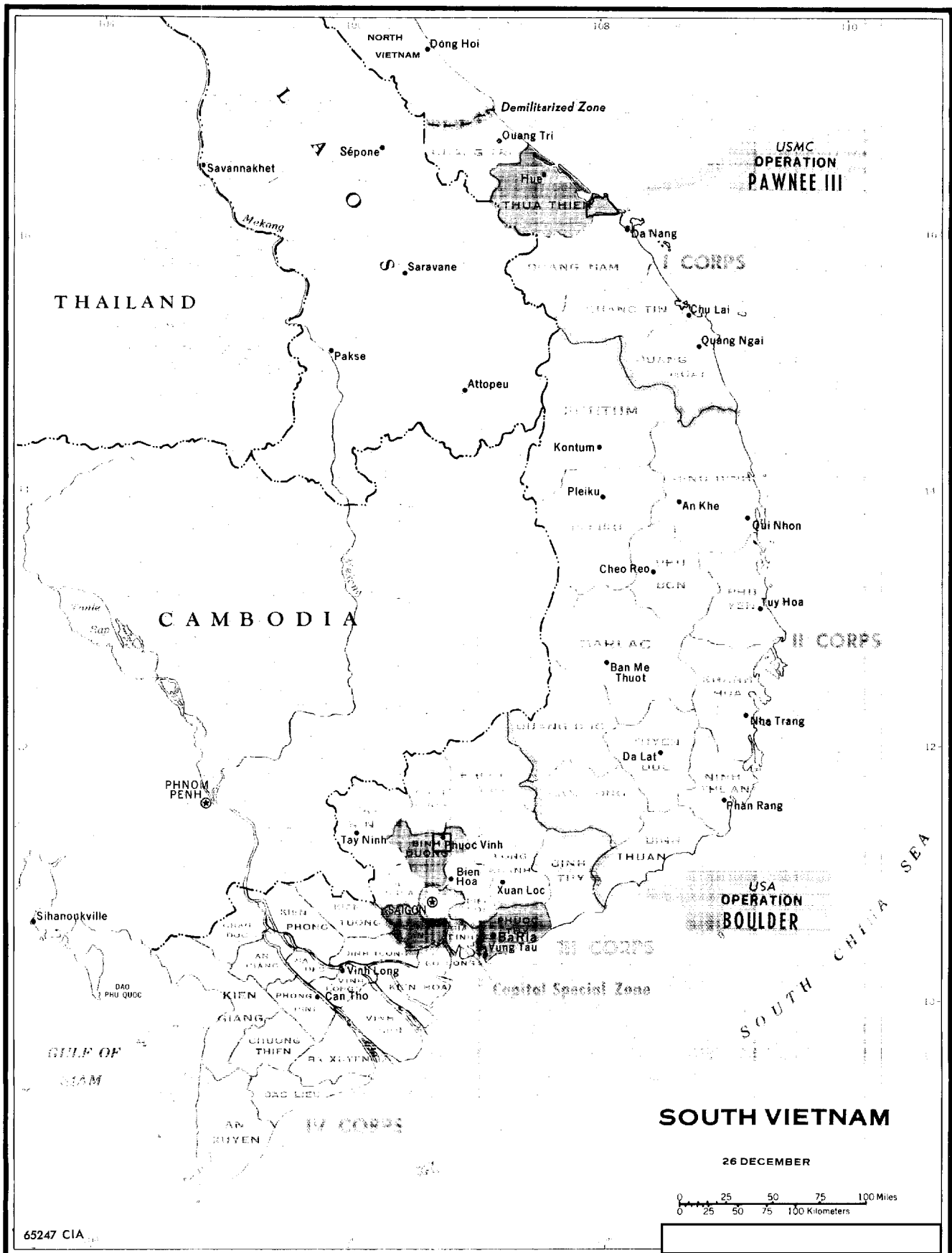
Saigon dockworkers went on strike today, apparently in an effort to force US Army renewal of stevedoring contracts (Paras. 1-4). The Constituent Assembly, at sessions on 23 and 26 December, debated the issues of an independent inspectorate branch and advisory councils, and heard an address by Premier Ky (Paras. 5-8). [redacted] Buddhist efforts to resume contacts with former "struggle" followers in I Corps (Paras. 9-10).

III. Military Developments in North Vietnam:  
There is nothing of significance to report.

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V. Communist Political Developments: Vietnamese Communists moved quickly during the Christmas cease-fire to place the burden of responsibility for initiating hostilities in violation of the truce upon US and GVN forces (Paras. 1-2).

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

1. The 48-hour Christmas truce ended with a total of 102 Communist-initiated incidents having been reported. Although most of these incidents were of a minor nature, several sharp clashes were reported. During the period, three Americans were killed and 23 wounded. A total of four South Vietnamese civilians were reported killed and five wounded by Viet Cong terrorists. South Vietnamese military losses during the truce period were reported as 27 killed and 15 wounded. Known Communist losses totaled 12 killed.

2. The rate of incidents this year was slightly lower than during the 1965 Christmas truce period. It was also apparent that, for the most part, the full 48-hour cease-fire period was honored by Communist elements, contrary to earlier reports that only a 24-hour period would be observed.

3. The first significant ground action since the end of the truce period was in the coastal province of Phuoc Tuy where Australian and South Vietnamese Army (ARVN) soldiers reported several clashes with the Viet Cong on 26 December. No casualties were reported as a result of an hour-long early morning encounter with an enemy force of unknown size. Later in the day, in a coordinated maneuver with ARVN troops and supported by artillery, air strikes, and naval gunboats, the Australians killed 27 Viet Cong. In addition, a large amount of Communist weapons and equipment was captured. Complete friendly casualties for this engagement have not yet been reported.

4. Four battalions of the US 1st Infantry Division began Operation BOULDER in an area about 20 miles north of Saigon in Binh Duong Province on 26 December. This operation is a combined road-clearing, resupply, and search-and-destroy mission. Two Viet Cong battalions--with an estimated strength of 700--are believed to be operating in the area. No contact has been reported with the enemy forces.

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5. The one-battalion US Marine search-and-destroy Operation PAWNEE III ended on 24 December. This 60-day operation, conducted in the southern coastal area of Thua Thien Province, resulted in a total of 32 Communist soldiers killed and 16 captured. Included in the enemy losses were 3.5 tons of rice and 300 gallons of fuel. One American was reported killed and 19 were wounded.

6. Early on 24 December--prior to the cease-fire--a fleet of Viet Cong sampans was attacked by US armed helicopters in the Mekong Delta province of Long An. A total of 74 of the craft were sunk during seven separate missions. There was no damage reported to the helicopters.

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## II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. Dockworkers handling military cargo at the main port of Saigon conducted a completely effective walkout early on 26 December. Allegedly, they are protesting the recent dismissal of some 600 Vietnamese workers who had been temporarily employed at the US military New Port four miles upriver. Unloading operations at New Port are not affected, however, since US troops have taken over cargo handling as scheduled.

2. The strike actually represents an effort by the Saigon Dockworkers' Union, an affiliate of the Vietnamese Confederation of Labor (CVT), to apply pressure on the US Army for long-term extension of contracts with six stevedore companies at Saigon's main port. The contracts are due to expire on 31 December, and renewal has so far been offered for a period of only one to three months.

3. Complicating the issue is infighting within the CVT. CVT president Tran Quoc Buu had agreed to the lay-off of Vietnamese workers at New Port. Dissident leaders in the CVT, alleged by Buu to be in league with the stevedore companies, have apparently hoped to use the issue to weaken Buu's hold on the union.

4. Saigon's minister of labor, who believes the strike can be settled quickly if the stevedore contracts are renewed, called a meeting this morning to try to resolve this key issue, but no conclusive settlement has been reported. Meanwhile, the US Army has contingency plans to use US troops, if necessary, to move military cargo at the Saigon port.

### Constituent Assembly Activity

5. The Constituent Assembly held sessions on 23 and 26 December to continue its debates on the basic outlines of the future government. At the first session, the question of an independent inspectorate branch in the government was discussed, but failed in

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two ballots to secure the necessary approval for adoption in the constitution. Most deputies felt some type of inspectorate was needed, but many argued that a separate government branch was not the most effective way to assure honest administration.

6. The deputies voted at the 26 December session that the constitution should provide for some type of body to advise the government and legislature on economic and social matters, but left undecided the questions of whether there should be one or two such councils and how the membership would be chosen. Several deputies used the debate to criticize the present government's economic policies.

7. At its afternoon session on 23 December, the assembly heard what amounted to a "state of the nation" address by Premier Ky. The premier avoided mention of such controversial topics as the investigation of assemblyman Tran Van Van's assassination or the Directorate's power of veto over the constitution. Instead, he stressed his government's devotion to "democracy building" and its diplomatic "successes" at Manila, including the US pledge to withdraw its forces within six months after peace is restored. The US Embassy reports that Ky's speech elicited uniformly favorable comment, although some deputies considered his appearance before the assembly long overdue.

8. The Ky government has unofficially notified the US of its desire to convene a one-day "post-Manila" meeting in Saigon in January of representatives of participating countries in order to review accomplishments since the Manila Conference in October.

#### Buddhist Activities

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9. [REDACTED]

[REDACTED] Buddhist monks in Hue have recently held several meetings with local Buddhist groups and representatives from other I Corps provinces. Allegedly, the groups were told that the government must be deposed by February and to await instructions for supporting the "movement." An embassy

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political officer who recently toured I Corps has learned that a number of second-echelon "struggle" movement leaders recently released from prison have reappeared in I Corps on brief visits. Their purpose appears to have been to re-establish contacts with and boost the morale of former adherents, and to test government reaction.

10. The consensus of both Vietnamese and US officials is that a renewal of the "struggle" movement is highly unlikely at this time, with the militant Buddhists disorganized and weak and much of the public disenchanted with them. Nevertheless, the situation remains sufficiently fragile so that, if permitted to re-establish themselves, the "struggle" leaders retain considerable potential for creating future problems.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. Vietnamese Communists moved quickly during the Christmas cease-fire to place the burden of responsibility for initiating hostilities in violation of the truce upon US and GVN forces. A North Vietnamese statement, printed in the Hanoi daily Nhan Dan on 26 December, claimed that US planes had flown over the provinces and capital of North Vietnam on 24 and 25 December in "an attempt to commit more crimes." Hanoi did not, however, charge US planes with conducting bombing or strafing attacks.

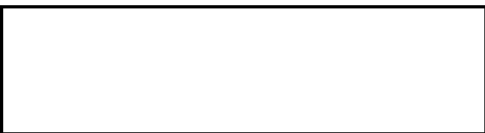
2. In the South, the Viet Cong Liberation radio on 25 December alleged that US and GVN forces continued to conduct ground operations throughout the cease-fire period. However, the list of specific violations was short and unspecific, reflecting a relatively low level of Communist concern.

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